

Senate File 131 - Introduced

SENATE FILE 131
BY ERNST

A BILL FOR

1 An Act establishing the sales tax rebate for county development
2 program and making penalties applicable.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

SALES TAX REBATE FOR COUNTY DEVELOPMENT PROGRAM

Section 1. NEW SECTION. 15E.370 Short title.

This division shall be known and may be cited as the "*Sales Tax Rebate for County Development Program Act*".

Sec. 2. NEW SECTION. 15E.371 Definitions.

For purposes of this division, unless the context otherwise requires:

1. "*Base employment level*" means the number of full-time equivalent positions at a business, as established by the authority and a business using the business's payroll records, as of the date a business applies for a financial assistance award under the program.

2. "*Base year*" means the fiscal year immediately preceding the year in which an application is made for participation in the sales tax rebate for county development program.

3. "*Created job*" or "*job created*" means a new, permanent, full-time equivalent position added to a business's payroll in excess of the business's base employment level.

4. "*Economic development entity*" means a county board of supervisors, city council, or not-for-profit business association vested by a board of supervisors or city council with the power to represent a particular city or unincorporated area of a county under the program including but not limited to an area chamber of commerce.

5. "*Economic development project*" means a project involving private or joint public and private investment involving the creation of new jobs and income or the retention of existing jobs and income. An economic development project includes a physical infrastructure project so long as it is undertaken with the specific intent to create, attract, or retain jobs and income.

6. "*Financial assistance award*" means assistance provided only from a county's account in the special fund established pursuant to section 15E.373, subsection 1, and includes but

1 is not limited to assistance in the form of grants, loans,
2 forgivable loans, and royalty payments.

3 7. "*Full-time equivalent position*" means the same as defined
4 in section 15.327.

5 8. "*Maintenance period*" means the same as defined in section
6 15.327.

7 9. "*Maintenance period completion date*" means the date on
8 which the maintenance period ends.

9 10. "*Physical infrastructure project*" means a project
10 that creates necessary infrastructure for economic success
11 throughout Iowa, provides the foundation for the creation of
12 jobs, and involves the investment of a substantial amount of
13 capital. "*Physical infrastructure project*" includes but is
14 not limited to projects involving any mode of transportation;
15 public works and utilities such as sewer, water, power, or
16 telecommunications; physical improvements that mitigate,
17 prevent, or eliminate environmental contamination; and other
18 similar projects deemed to be physical infrastructure by the
19 authority.

20 11. "*Program*" means the sales tax rebate for county
21 development program.

22 12. "*Program application*" means an application by a county
23 to participate in the sales tax rebate for county development
24 program.

25 13. "*Program year*" means the fiscal year beginning July
26 1, 2013, and every fiscal year thereafter during which
27 the authority administers the sales tax rebate for county
28 development program.

29 14. "*Project completion date*" means the date by which a
30 recipient of a financial assistance award has agreed to meet
31 all the terms and obligations contained in an agreement with
32 the authority as that date is specified in the agreement
33 pursuant to section 15E.373, subsection 6, paragraph "a".

34 15. "*Retained job*" means the same as defined in section
35 15.327.

1 Sec. 3. NEW SECTION. 15E.372 Sales tax rebate for county
2 development program — establishment and application.

3 1. The authority shall establish and administer a sales
4 tax rebate for county development program to provide counties
5 participating in the program with a one-time, limited rebate
6 of sales tax imposed and collected by retailers upon sales of
7 tangible personal property or services furnished to purchasers
8 within the county. The rebate shall be used to provide
9 financial assistance awards to local economic development
10 projects pursuant to this division.

11 2. *a.* A county board of supervisors may make application
12 to the authority for participation in the program. Program
13 applications shall be received by November 30, 2013, to be
14 eligible for consideration in the first year of the program,
15 and by November 30 for every year thereafter.

16 *b.* Program applications shall be made in the manner and form
17 prescribed by the authority and shall contain, at a minimum,
18 the following information:

19 (1) The identity of the economic development entity located
20 in the county that is designated as eligible to apply for
21 financial assistance awards under the program.

22 (a) A city council shall designate one economic development
23 entity to represent it under the program.

24 (b) A county board of supervisors shall designate one
25 economic development entity to represent the unincorporated
26 area of the county under the program.

27 (c) An economic development entity may represent more
28 than one city or county under the program, but no city or
29 unincorporated area of a county shall be represented by more
30 than one economic development entity.

31 (2) Sufficient information to enable the authority to make
32 selections based on the criteria provided in subsection 3,
33 paragraphs "a" through "d".

34 3. After receiving the timely filed program applications
35 for a program year, the authority may, within sixty days,

1 select no more than ten counties to participate in the program.
2 In making selection decisions, the authority shall consider all
3 information contained in a program application, as well as any
4 other relevant information and economic data, giving priority
5 to the following:

6 *a.* A recent business closure or permanent layoff in a county
7 that has, or may have, a significant negative economic impact
8 in the county. For purposes of this paragraph, "*recent business*
9 *closure or permanent layoff*" means the loss of full-time
10 employees, not including retail employees, at one or more
11 places or businesses within the county. To qualify as a loss
12 of a full-time employee, the loss must occur because of the
13 removal of the job to an out-of-state location, the cessation
14 of one or more production lines, the removal of manufacturing
15 machinery and equipment, or similar actions determined to be
16 equivalent in nature by the authority. Loss of full-time
17 employees does not include a layoff of seasonal employees or a
18 layoff that is seasonal in nature.

19 *b.* A potential economic development project that exists or
20 may exist within a county.

21 *c.* An unemployment rate for a county that is greater than
22 the state average rate of unemployment.

23 *d.* A loss of population in a county as shown by the 2010
24 certified federal census when compared with the 2000 certified
25 federal census.

26 4. A county chosen by the authority for participation
27 in the program that receives a sales tax rebate pursuant to
28 section 423.4, subsection 11, paragraph "*b*", subparagraph (3),
29 is ineligible to submit another program application to the
30 authority for participation in the program.

31 5. *a.* If a member of the governing body of a city or county
32 or an employee of the state, city, or county or member of the
33 governing body or employee of any other governmental entity
34 of the state, city, or county involved in the program has
35 an interest, either direct or indirect, in a private person,

1 contract, or entity for which financial assistance may be
2 provided under the program, the interest shall be disclosed to
3 that governing body or governmental entity and the authority,
4 in writing. The member or employee having the interest shall
5 not participate in the decision-making process with regard
6 to the providing of such financial assistance to the private
7 person or entity.

8 *b.* Employment by the state, city, county, or other
9 governmental entity, its agencies or institutions, or by any
10 other person having such an interest in the program shall not
11 be deemed an indicia of an interest by the employee or of
12 any ownership or control of the employer's interests by the
13 employee.

14 *c.* The word "*participate*" or "*participation*" does not
15 include discussion or debate preliminary to a vote of a
16 governmental entity, local governing body, or local agency upon
17 proposed ordinances or resolutions relating to an economic
18 development project or any abstention from such a vote.

19 *d.* The designation of a bank or trust company as depository,
20 paying agent, or agent for investment of funds shall not be
21 deemed a matter of interest or personal interest.

22 *e.* Stock ownership in a corporation, or other equity
23 interest in a business, having such an interest shall not be
24 deemed an indicia of an interest or of ownership or control by
25 the person owning the stock or equity interest when less than
26 five percent of the outstanding stock or equity interest of
27 the corporation or business is owned or controlled directly or
28 indirectly by that person.

29 *f.* A violation of a provision of this subsection is
30 misconduct in office under section 721.2. However, a decision
31 of the governing body or governmental entity is not invalid
32 because of the participation of the member or employee in
33 the decision-making process or because of a vote cast by a
34 member or employee in violation of this subsection unless the
35 participation or vote was decisive in the awarding of the

1 financial assistance.

2 *g.* For purposes of this subsection, any private
3 not-for-profit economic development entity representing a city
4 or county under the program shall be considered a governmental
5 entity subject to the conflict of interest provisions in this
6 subsection.

7 6. The authority shall promptly notify the department
8 of revenue of each county that submits an application for
9 participation in the program and each county chosen for
10 participation in the program. The department of revenue shall
11 credit the sales tax receipts as calculated in section 423.4,
12 subsection 11, paragraph "b", subparagraph (3), to the county's
13 account in the special fund created under section 15E.373.

14 **Sec. 4. NEW SECTION. 15E.373 Special fund — appropriation**
15 **and allocation of rebate moneys — agreement.**

16 1. The authority shall establish a special fund in the
17 state treasury under the control of the authority, and within
18 that fund create a separate account for each county chosen for
19 participation in the program. The fund shall consist only
20 of amounts credited by the department of revenue pursuant to
21 section 423.4, subsection 11, paragraph "b", subparagraph
22 (3). The special fund shall be administered, allocated, and
23 distributed only as provided in this section.

24 2. Interest or earnings on moneys in a special fund shall
25 revert to the general fund.

26 3. All moneys remaining in a special fund after five years
27 from the date the credit is made shall revert to the general
28 fund.

29 4. An economic development entity designated in the
30 program application of a participating county may apply to the
31 authority for a financial assistance award from the county's
32 account in the special fund, to be used for the purpose of an
33 economic development project.

34 *a.* Applications shall be made in the manner and form
35 prescribed by the authority and shall contain, at a minimum,

1 the following information:

2 (1) The amount requested and a detailed description of
3 how the moneys will be used including but not limited to a
4 description and purpose of the proposed economic development
5 project.

6 (2) The goal of the proposed economic development project,
7 including the projected jobs and income created or retained.

8 (3) The projected source, type, and amount of any private
9 capital or other investment involved with the proposed economic
10 development project. The authority shall not require any
11 economic development entity, county, or city to provide, or
12 demonstrate an ability to provide, local matching moneys
13 in order to receive a financial assistance award under the
14 program.

15 (4) A list of all public and private parties involved with
16 the proposed economic development project.

17 *b.* If upon review of an application for a financial
18 assistance award, the authority finds that the proposed
19 economic development project meets the definition of an
20 economic development project in section 15E.371, the authority
21 and the recipient of the financial assistance award shall enter
22 into an agreement pursuant to subsection 6.

23 5. *a.* For each city and the unincorporated area within a
24 county, the aggregate financial assistance awards paid from the
25 county's account in the special fund for economic development
26 projects shall not exceed an amount which is equal to the
27 lesser of the following:

28 (1) The state sales tax imposed and collected within that
29 city or unincorporated area for the base year, as calculated in
30 section 423.4, subsection 11, paragraph "b", subparagraph (2).

31 (2) An amount equal to the same proportion of the credit
32 made pursuant to section 423.4, subsection 11, paragraph "b",
33 subparagraph (3), as the amount of state sales tax imposed and
34 collected in the city or unincorporated area for the base year,
35 as calculated in section 423.4, subsection 11, paragraph "b",

1 subparagraph (2), bears to the total amount of state sales
2 tax imposed and collected in the county for the base year, as
3 calculated in section 423.4, subsection 11, paragraph "b",
4 subparagraph (1).

5 **b.** Notwithstanding paragraph "a", the board of supervisors
6 may elect to allocate all or a portion of the county's share of
7 moneys in the special fund to one or more cities in the county,
8 and a city council may elect to allocate all or a portion of
9 the city's share of moneys in the special fund to a different
10 city or to the unincorporated area within the same county if
11 the board or council, as applicable, determines all of the
12 following:

13 (1) That a viable proposal for an economic development
14 project does not currently exist within the allocating city or
15 the unincorporated area of the allocating county, and it is
16 unlikely that one will be developed before the expiration of
17 the five-year period set forth in subsection 3.

18 (2) That the proposed economic development project to which
19 it wishes to allocate all or a portion of its share of moneys
20 in the special fund will directly and materially benefit the
21 allocating city or county. For purposes of this subparagraph,
22 "*directly and materially benefit*" means an increase in jobs,
23 population, or tax revenue within the allocating city or the
24 unincorporated area of the allocating county.

25 6. The authority and the recipient of the financial
26 assistance shall enter into an agreement describing the terms
27 and obligations under which the financial assistance will be
28 provided. The authority, in consultation with the applicable
29 economic development entity, may negotiate the terms and
30 obligations of the agreement. An agreement shall contain
31 but need not be limited to all of the following terms and
32 obligations:

33 **a.** A project completion date.

34 **b.** A maintenance period completion date.

35 **c.** The number of jobs to be created or retained.

1 *d.* The amount of private capital or other investment to be
2 involved.

3 *e.* The amount of the financial assistance award to be
4 provided under the program.

5 7. The authority may enforce the terms and obligations of
6 agreements described in subsection 6.

7 8. A recipient of a financial assistance award shall meet
8 all terms and obligations in an agreement by the project
9 completion date, but the authority may for good cause extend
10 the project completion date.

11 9. During the maintenance period, a recipient of a financial
12 assistance award shall continue to comply with the terms and
13 obligations of an agreement entered into pursuant to subsection
14 6.

15 10. During the entire life of an agreement entered into
16 pursuant to subsection 6, if the recipient of a financial
17 assistance award fails to meet all terms and obligations in
18 its agreement or experiences a layoff within this state or
19 closes any of its facilities within this state, the authority
20 may reduce or eliminate some or all of the amount of financial
21 assistance award to be received. If the recipient of a
22 financial assistance award under this section fails to meet all
23 terms and obligations in its agreement or experiences a layoff
24 within this state or closes any of its facilities within this
25 state, the recipient may be subject to repayment of all or a
26 portion of the financial assistance award it has received. Any
27 amount of reduction or elimination of financial assistance and
28 any amount repaid to the authority under this subsection shall
29 revert to the general fund.

30 11. In addition to the terms and obligations agreed
31 to pursuant to subsection 6, the recipient of a financial
32 assistance award shall be subject to all of the following
33 requirements:

34 *a.* The potential recipient of a financial assistance
35 award shall submit to the authority a report describing all

1 violations of environmental law or worker safety law within
2 the last five years by the private parties involved in the
3 proposed economic development project. If, upon review of the
4 report, the authority finds that a private party has a record
5 of violations of the law, statutes, rules, or regulations that
6 tends to show a consistent pattern, the authority shall not
7 make an award of financial assistance to the project unless the
8 authority finds either that the violations did not seriously
9 affect public health, public safety, or the environment, or,
10 if such violations did seriously affect public health, public
11 safety, or the environment, that mitigating circumstances were
12 present.

13 *b.* The recipient of a financial assistance award shall not
14 have closed, or substantially reduced, operations in one area
15 of this state and relocated substantially the same operations
16 in a community in another area of this state. However, this
17 section shall not be construed to prohibit the recipient of a
18 financial assistance award from expanding its operation in a
19 community if existing operations of a similar nature in this
20 state are not closed or substantially reduced.

21 *c.* The recipient of a financial assistance award shall only
22 employ individuals legally authorized to work in this state.
23 In addition to any and all other applicable penalties provided
24 by current law, all or a portion of the financial assistance
25 award is subject to reduction, elimination, or repayment to
26 the authority by the recipient if the recipient is found to
27 knowingly employ individuals not legally authorized to work
28 in this state. Any amount of reduction or elimination of
29 financial assistance and any amount repaid to the authority
30 under this paragraph shall revert to the general fund.

31 12. Funds and financial assistance awards issued by
32 the authority under this program to any party shall not be
33 deposited in the general fund of any economic development
34 entity, county, or city, nor used for any of the following
35 purposes:

1 fund created in section 423F.2.

2 *b.* The department shall assist in the administration of the
3 sales tax rebate for county development program in chapter 15E,
4 division XXVIII, and issue rebates of state sales tax imposed
5 and collected by retailers upon sales of tangible personal
6 property or services furnished to purchasers within a county in
7 the following manner and amounts:

8 (1) Upon notice by the authority of its applications for a
9 program year, the department shall calculate the total state
10 sales tax imposed and collected by retailers upon sales of
11 tangible personal property or services furnished to purchasers
12 in each applicant county for the base year of the program
13 application and provide that information to the authority on or
14 before December 31 of the program year.

15 (2) Upon notice by the authority of its selection of a
16 county for participation in the program, the department shall
17 calculate the total state sales tax imposed and collected by
18 retailers upon sales of tangible personal property or services
19 furnished to purchasers for each city and unincorporated area
20 within that county for the base year of the program application
21 and provide that information to the county and the authority on
22 or before March 1 of the program year.

23 (3) Upon notice by the authority of its selection of a
24 county for participation in the program, the department shall
25 credit to the county's account in the special fund created in
26 section 15E.373 an amount equal to the state sales tax imposed
27 and collected by retailers upon sales of tangible personal
28 property or services furnished to purchasers in the county
29 for the base year of the program application, or five million
30 dollars, whichever is less. The credit shall be made by March
31 15 of the program year to the county's account in the special
32 fund under the control of the authority to be administered
33 and distributed by the authority pursuant to section 15E.373.
34 Notwithstanding any other law to the contrary, the credit in
35 this subparagraph (3) shall be calculated using state sales tax

1 revenues remaining after the transfers prescribed in section
2 423.2, subsection 11, paragraph "b", subparagraphs (1) through
3 (3), and shall not diminish or otherwise affect the amounts
4 transferred pursuant to those subparagraphs.

5 DIVISION III

6 ANNUAL REPORT TO GENERAL ASSEMBLY AND GOVERNOR

7 Sec. 6. Section 15.107B, subsection 2, Code 2013, is amended
8 by adding the following new paragraph:

9 NEW PARAGRAPH. *f.* Data on the sales tax rebate for county
10 development program established pursuant to chapter 15E,
11 division XXVIII, including all of the following for each
12 participant county:

13 (1) The identity of each economic development entity
14 designated to represent the cities and unincorporated area of
15 the county.

16 (2) A report of all deposits, withdrawals, and expenditures
17 made from the special fund of the county.

18 (3) A description of each proposed economic development
19 project disapproved for a financial assistance award by the
20 authority and the reason for disapproval.

21 (4) For each economic development project awarded financial
22 assistance:

23 (a) The project's description and location.

24 (b) The amount of financial assistance awarded to the
25 project and the amount of the award actually paid to the
26 economic development entity as of June 30 of the fiscal year.

27 (c) If applicable, the number of created or retained
28 jobs contracted for and the actual number of jobs created or
29 retained as a result of the project.

30 (d) The amount of private capital or other investment
31 contracted for and the actual amount of private capital or
32 other investment made as a result of the project.

33 (e) Other terms and obligations contracted for and the
34 actual terms and obligations complied with and fulfilled as a
35 result of the project.

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EXPLANATION

This bill relates to a sales tax rebate for county development program.

Division I of the bill relates to the creation and administration of the program.

The division requires the economic development authority (EDA) to create and administer a program to participating counties in the state with a one-time, limited sales tax rebate to be used to provide financial assistance awards to local economic development projects. "Economic development project" is defined as a project involving private or joint public and private investment involving the creation of new jobs and income or the retention of existing jobs and income. An economic development project includes a physical infrastructure project, as defined in the bill, so long as it is undertaken with the specific intent to create, attract, or retain jobs and income.

The EDA may choose up to 10 counties per year to participate in the program and receive a sales tax rebate, with the rebates first payable during the fiscal year beginning July 1, 2013. Applications for participation by a prospective county are to be made by November 30 by the county board of supervisors. As part of the application, each city council and the county board of supervisors for the unincorporated area is required to designate one economic development entity to represent it under the program. "Economic development entity" is defined as a county board of supervisors, city council, or not-for-profit business association vested by a board of supervisors or city council with the power to represent it under the program. An economic development entity may represent more than one city or county under the program, but no city or unincorporated area of a county may be represented by more than one economic development entity. In addition, each application is required to have information pertaining to recent business closures or permanent layoffs that have, or may have, a significant

1 negative impact in the county, potential economic development
2 projects that exist or may exist within the county, the current
3 unemployment rate of the county, and the county's population
4 for the two most recently completed federal censuses.

5 The EDA has 60 days after November 30 to choose up to
6 10 counties to participate in the program. In making its
7 selection decisions, the EDA is required to consider all
8 information contained in a program application and any other
9 relevant information, giving priority to counties that have
10 had a recent business closure or permanent layoff with a
11 significant negative impact in the county, that have potential
12 economic development projects in the county, that have
13 unemployment rates greater than the state average, and that
14 have experienced a recent loss of population.

15 Each county is eligible to participate in the program
16 one time. A county chosen for participation shall receive
17 a sales tax rebate from the department of revenue equal to
18 the state sales tax imposed and collected by retailers upon
19 sales of tangible personal property or services furnished to
20 purchasers in that county for the base year of the county's
21 application, or \$5 million, whichever is less. A county's
22 "base year" is defined as the fiscal year immediately preceding
23 the program year for which the program application is made.
24 The rebate applies only to the state sales tax imposed in Code
25 section 423.2, and not to any local option sales and services
26 tax imposed pursuant to Code chapter 423B, or to any state
27 sales tax revenues required to be transferred to the natural
28 resources and outdoor recreation trust fund created in Code
29 section 461.31 or the secure an advanced vision for education
30 fund created in Code section 423F.2. The rebate shall be
31 issued by the department of revenue in the form of a credit
32 made by March 15 of the program year into the county's account
33 in a special fund to be administered and distributed by the
34 EDA. Any moneys remaining in a special fund after five years
35 from the date the credit is made shall revert to the general

1 fund of the state. Any interest or earnings on moneys in a
2 special fund shall immediately revert to the general fund of
3 the state.

4 An economic development entity designated in a participating
5 county's program application may apply to the EDA for a
6 financial assistance award from the county's account in the
7 special fund, provided it is used exclusively for an economic
8 development project. Applications for funds are to be made in
9 the manner and form developed by the EDA and shall contain,
10 at a minimum, the amount requested and a detailed description
11 of how the moneys will be used; the description and purpose
12 of the proposed project; the goal of the proposed project and
13 estimated jobs and income created or retained; the projected
14 source, type, and amount of any private capital or other
15 investment involved with the proposed project; and a list of
16 all public and private parties involved with the proposed
17 project.

18 The EDA is not allowed to require any economic development
19 entity, county, or city to provide, or demonstrate an ability
20 to provide, local matching moneys in order to receive a
21 financial assistance award under the program.

22 The maximum aggregate financial assistance awards paid
23 from the special fund of a participant county for economic
24 development projects within a city or unincorporated area shall
25 not exceed an amount which is the lesser of the total amount
26 of state sales tax imposed and collected in that city or the
27 unincorporated area for the base year of the county's program
28 application, or an amount equal to the same proportion of the
29 county's rebate received from the department of revenue, as the
30 amount of state sales tax imposed and collected in that city
31 or the unincorporated area for the base year of the county's
32 program application bears to the total amount of state sales
33 tax imposed and collected in that county for the base year
34 of the program application. However, the county board of
35 supervisors may elect to allocate all or a portion of its share

1 of a county's special fund to one or more cities in the county,
2 and a city may elect to allocate its portion to a different
3 city or to the unincorporated area within that same county if
4 the city council or board of supervisors, as applicable, makes
5 a determination based on factors specified in the bill.

6 If the EDA determines that a proposed economic development
7 project meets the definition of "economic development project"
8 described above, it shall enter into an agreement with the
9 recipient of the financial assistance award that describes the
10 terms and obligations under which the financial assistance
11 will be provided. An agreement shall contain, at a minimum,
12 the project completion date, maintenance period completion
13 date, the number of jobs to be created or retained, the amount
14 of private capital or other investment to be involved, and
15 the amount of financial assistance to be provided. "Project
16 completion date" means the date by which a financial assistance
17 award recipient has agreed to meet all the terms and conditions
18 contained in its agreement with the EDA. The maintenance period
19 refers to the period of time between the project completion
20 date and the maintenance period completion date. "Maintenance
21 period completion date" is defined as the date on which the
22 maintenance period ends.

23 The division also lists several requirements that the
24 potential recipient of a financial award must fulfill. First,
25 potential financial award recipients must submit to the EDA
26 a report describing all violations of environmental law and
27 worker safety in the last five years. The EDA must deny a
28 financial assistance award if it finds a consistent pattern
29 of violations unless mitigating circumstances were present.
30 Second, potential financial award recipients must not have
31 closed or substantially reduced operations in one area of
32 this state and relocated substantially the same operations
33 in another community in another area of this state. Third,
34 potential financial award recipients must only employ
35 individuals legally authorized to work in this state.

1 During the life of the agreement, the EDA may reduce,
2 eliminate, or seek repayment of some or all of the financial
3 assistance awarded if a recipient fails to meet all the terms
4 and obligations of its agreement, experiences a layoff or
5 closes any facilities within the state, or employs individuals
6 not legally authorized to work in this state. Any amount
7 reduced or eliminated by the EDA, or repaid to the EDA, shall
8 revert to the general fund.

9 The division provides that funds and financial assistance
10 awards issued under the program to any party shall not be
11 deposited in the general fund of any economic development
12 entity, county, or city, nor used for operating expenses of any
13 economic development entity, county, or city, or for salaries
14 or bonuses of any person employed by an economic development
15 entity, county, or city. It further provides that funds and
16 financial assistance awards shall not be used for consulting
17 fees or marketing fees.

18 The division provides conflict of interest provisions that
19 apply to any member of a governing body of a city or county or
20 an employee of a state, city, or county, or other governmental
21 entity of this state that has an interest, either direct
22 or indirect, in a private person, contract, or entity for
23 which financial assistance may be provided under the program.
24 For purposes of the conflict of interest provisions, any
25 not-for-profit economic development entity representing a city
26 or county shall be considered a governmental entity subject
27 to the conflict of interest provisions. The bill provides
28 that violations of the conflict of interest provisions are
29 considered misconduct in office under Code section 721.2 and
30 classified as a serious misdemeanor. A serious misdemeanor is
31 punishable by confinement for no more than one year and a fine
32 of at least \$315 but not more than \$1,875.

33 The division provides that the EDA shall adopt rules for the
34 administration of the sales tax rebate for county development
35 program and provide for the inclusion of uniform terms and

1 obligations in agreements between the EDA and recipients of
2 financial assistance awards under the program.

3 Division II of the bill relates to the calculation and
4 issuance of sales tax rebates by the department of revenue.

5 The division provides that the department of revenue will
6 assist the EDA in administering the sales tax rebate for
7 county development program by calculating the total state
8 sales tax imposed and collected by retailers upon sales of
9 tangible personal property or services furnished to purchasers
10 pursuant to Code section 423.2 in each applicant county for
11 the base year of each program application. The department is
12 responsible for calculating the same amounts for each city
13 and unincorporated area within any county that is chosen
14 for participation in the program, and then crediting the
15 appropriate amount by March 15 of the program year to a
16 county's account in a special fund established in the state
17 treasury under the control of the EDA.

18 Division III of the bill relates to an annual report prepared
19 by the EDA.

20 The division provides that the EDA shall include a report
21 on the sales tax rebate for county development program in
22 its annual report to the general assembly. The report shall
23 include the identity of each economic development entity
24 designated to represent cities and the unincorporated areas
25 under the program; a report of all deposits, withdrawals, and
26 expenditures made from special funds of the counties; and a
27 description of each disapproved economic development project
28 and the reason for disapproval. For each approved project,
29 the report shall include a description and the location of the
30 project, the amount of financial assistance awarded and paid,
31 investments, terms and conditions contracted for and actually
32 completed under the agreements, and, if applicable, the number
33 of jobs created or retained.